

## Message Text

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PAGE 01 LONDON 05818 141723Z

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

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R 141719Z APR 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 0796

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY LISBON

AMEMBASSY MADRID

AMEMBASSY STOCKHOLM

AMEMBASSY OSLO

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

USMISSION OECD PARIS

AMCONSUL BELFAST

AMCONSUL EDINBURGH

USNMR SHAPE

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DEPARTMENT PASS TO LABOR AND TREASURY

E.O. 11652: N/A

TAGS: ELAB, UK, PINT

SUBJECT: TUC-GOVERNMENT OLYMPIAN WAGE BARGAINING CONTIN-  
UES

REF: LONDON 5684 AND PREVIOUS

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PAGE 02 LONDON 05818 141723Z

1. BEGIN SUMMARY: AFTER THE MEETING OF THE TUC ECONOMIC COMMITTEE TODAY (APRIL 14) TO DISCUSS THE CHANCELLOR OF THE EXCHEQUER'S PAY-TAX PROPOSALS (REFTEL), TUC GENERAL SECRETARY LEN MURRAY REPORTED THAT THERE WOULD BE FURTHER DISCUSSIONS WITH MR. HEALEY "WITH A VIEW OF GETTING AN ACCEPTABLE BASIS OF AGREEMENT BETWEEN THE GOVERNMENT AND THE TUC." HE SAID THAT THERE WAS A CONSIDERABLE LEVEL OF AGREEMENT AMONG THE MEMBERS OF THE TUC ECONOMIC COMMITTEE ON THEIR APPROACH TO MR. HEALEY, AND HE ALSO EMPHASIZED THAT THEY HAD REAFFIRMED THEIR INTEREST IN COOPERATING WITH THE LABOR GOVERNMENT. END SUMMARY.

2. WE SPOKE TO A TUC OFFICIAL ABOUT THE MEETING AND HE STRESSED THAT THE TUC LEADERSHIP IS DETERMINED TO MAKE IT CLEAR THAT THEY ARE NOT SEEKING ANY FORM OF CONFRONTATION WITH THIS GOVERNMENT. HE SAID THAT WHEN THEY SEE MR. HEALEY NEXT THEY WILL POINT OUT TO HIM THAT IT MIGHT BE POSSIBLE FOR THE TUC TO FORCE ACCEPTANCE OF A 3 PERCENT LIMIT ON A NARROW MAJORITY OF THE TUC MEMBERSHIP AT A CLOSE VOTE WOULD VERY LIKELY RESULT IN THE EROSION OF THE PAY POLICY AT SOME STAGE. THE TUC LEADERS WILL POINT OUT TO HEALEY THAT A NEAR-100 PERCENT SUPPORT OF THE NEXT ROUND WILL REQUIRE A HIGHER PAY LIMIT.

3. THE TUC SOURCE SAID THAT THE TUC CONFEREES HAVE NOT PUT FORWARD AN ABSOLUTE FIGURE, ALTHOUGH HE ADDED THAT A 5 PERCENT INCREASE IS THE "SORT OF TARGET" THE TUC IS AIMING FOR. THERE ARE, HE ADDED, SOME WHO WOULD ACCEPT THE LOWER FIGURE AND OTHERS WHO WANTED MORE. AS FAR AS THE WAY IN WHICH THE MONEY IS TO BE DISTRIBUTED, THAT WOULD BE WORKED OUT LATER AND HE ADDED, THE CHANCELLOR HIMSELF HAD SUGGESTED THAT THE METHOD OF DIVIDING UP THE MONEY WAS UP TO THE TUC ITSELF. HE EMPHASIZED, HOWEVER, THAT THE TUC "IS NOT HOOKED ON ANY FIGURE."

4. YESTERDAY, WHEN WE TALKED WITH DAVID BASNETT, THE LEADER OF THE GENERAL AND MUNICIPAL WORKERS UNION -- BRITAIN'S THIRD LARGEST UNION -- HE SAID THAT THE CHANCELLOR HAD CAUGHT THE TUC "IN A TENDER TRAP." HE LIMITED OFFICIAL USE

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PAGE 03 LONDON 05818 141723Z

ACKNOWLEDGED THAT THERE WAS CONSIDERABLE TRADE UNION MEMBERSHIP SUPPORT FOR THE CHANCELLOR'S PACKET, BUT THE LEADERSHIP HAS TO CONSIDER WHAT THE SITUATION WOULD BE LIKE SIX MONTHS HENCE. THE WORKERS WOULD THEN HOLD THE LEADERSHIP RESPONSIBLE FOR THEIR DIFFICULTIES. THERE WAS LITTLE ROOM FOR MANEUVER, AS A RESULT, AND THE TUC WAS NOT ABOUT TO HELP BRING DOWN THE LABOR GOVERNMENT OVER PAY POLICY. ON THE OTHER HAND, BASNETT FORESHADOW-

ED THE TUC ECONOMIC COMMITTEE'S APPROACH TO THE PROBLEM  
WHEN HE SAID THAT THE TUC WOULD GIVE THE CHANCELLOR TWO  
OPTIONS, TOO. HE COULD OBTAIN FROM THE TUC SOLID SUP-  
PORT FOR A "REASONABLE POLICY" (READ HIGHER WAGE LIMIT)  
OR WEAK AND PERHAPS EVENTUALLY CRUMBLING SUPPORT FOR THE  
PAY LIMIT HE HAD RECOMMENDED.

ARMSTRONG

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## Message Attributes

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